

AMENDED IN ASSEMBLY APRIL 23, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

## ASSEMBLY BILL

**No. 1581**

---

**Introduced by Committee on Natural Resources (Skinner (Chair),  
Brownley, Chesbro, De Leon, Hill, and Huffman)**

March 27, 2009

---

An act to amend Sections ~~42023.1, 42023.2, 42023.3, 42023.4, 42023.5, and 42023.6~~ 42000, 42011, and 42021 of the Public Resources Code, relating to solid waste, ~~and making an appropriation therefor.~~

### LEGISLATIVE COUNSEL'S DIGEST

AB 1581, as amended, Committee on Natural Resources. Solid waste: recycling market development.

The California Integrated Waste Management Act of 1989, which is administered by the California Integrated Waste Management Board, establishes an integrated waste management program. The act ~~creates the Recycling Market Development Revolving Loan Subaccount in the Integrated Waste Management Account and continuously appropriates the funds deposited in the subaccount to the board for making loans for the purposes of the Recycling Market Development Revolving Loan Program. Existing law makes the provisions regarding the loan program, the creation of the subaccount, and expenditures from the subaccount inoperative on July 1, 2011, and repeals them as of January 1, 2012, and provides for disposition of funds remaining after inoperation and repeal~~ *authorizes a local governing body, as defined, to propose eligible parcels of property within its jurisdiction as a recycling market development zone, as defined, and to apply to the board for designation as a recycling market development zone. The board is authorized to designate or redesignate recycling market development zones for*

persons applying for that designation. The act requires a parcel of property designated as a recycling market development zone to retain that designation for 10 years.

This bill, *instead*, would ~~extend the inoperative and repeal dates to July 1, 2015, and January 1, 2016, respectively, thereby continuing the program and the continuous appropriation until July 1, 2015, and thus making an appropriation~~ require a recycling market development zone to retain that designation for 10 years or until the local governing body repeals the designation, whichever is sooner. The bill also would contain a legislative finding and declaration that cities and counties are encouraged to propose recycling market development zones to stimulate economic development and to create green jobs.

Vote: majority. Appropriation: ~~yes~~-no. Fiscal committee: yes no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 42000 of the Public Resources Code is
- 2     amended to read:
- 3     42000. The Legislature ~~hereby~~ finds and declares all of the
- 4     following:
- 5     (a) This division requires cities and counties to divert 25 percent
- 6     of all solid waste from landfills and transformation facilities by
- 7     1995 and 50 percent by 2000. As of 1990, the overall diversion
- 8     rate in the state was 12 percent.
- 9     (b) California's source reduction, recycling, and composting
- 10    efforts need to increase greatly if local jurisdictions are to meet
- 11    the 25-percent and the 50-percent diversion requirements.
- 12    (c) Market development is the key to increased, cost-effective
- 13    recycling. Market development includes activities that strengthen
- 14    demand by manufacturers and end-use consumers for recyclable
- 15    materials collected by municipalities, nonprofit organizations, and
- 16    private entities.
- 17    (d) Developing markets for recyclable materials creates
- 18    opportunities that will reindustrialize California. The board
- 19    estimates that the development of markets for recyclable materials
- 20    may create over 20,000 jobs in California's manufacturing sector,
- 21    an additional 25,000 jobs in the sorting and processing fields, and
- 22    an unestimated number of jobs in other fields that may develop
- 23    through full implementation of this division.

1 (e) The board is authorized to conduct individual market  
2 development activities, but is not presently required to implement  
3 a comprehensive plan that addresses the full range of market  
4 development needs.

5 (f) *Cities and counties are encouraged to propose recycling*  
6 *market development zones to stimulate economic development and*  
7 *to create green jobs.*

8 *SEC. 2. Section 42011 of the Public Resources Code is*  
9 *amended to read:*

10 42011. ~~Any~~A parcel of property designated as a recycling  
11 market development zone shall retain this designation for 10 years  
12 *or until the local governing body repeals the designation,*  
13 *whichever is sooner.*

14 *SEC. 3. Section 42021 of the Public Resources Code is*  
15 *amended to read:*

16 42021. ~~Nothing in this chapter prohibits~~*This chapter does not*  
17 *prohibit* an applicant from seeking designation of an enterprise  
18 zone and receiving economic incentives as defined in Section 7073  
19 of the Government Code *or from receiving any other available*  
20 *economic incentives, including pursuant to the federal American*  
21 *Recovery and Reinvestment Act of 2009 (Public Law 111-5).*

22 ~~SECTION 1. Section 42023.1 of the Public Resources Code~~  
23 ~~is amended to read:~~

24 ~~42023.1. (a) The Recycling Market Development Revolving~~  
25 ~~Loan Subaccount is hereby created in the account for the purpose~~  
26 ~~of providing loans for purposes of the Recycling Market~~  
27 ~~Development Revolving Loan Program established pursuant to~~  
28 ~~this article.~~

29 ~~(b) Notwithstanding Section 13340 of the Government Code,~~  
30 ~~the funds deposited in the subaccount are hereby continuously~~  
31 ~~appropriated to the board without regard to fiscal year for making~~  
32 ~~loans pursuant to this article.~~

33 ~~(c) The board may expend interest earnings on funds in the~~  
34 ~~subaccount for administrative expenses incurred in carrying out~~  
35 ~~the Recycling Market Development Revolving Loan Program,~~  
36 ~~upon the appropriation of funds in the subaccount for that purpose~~  
37 ~~in the annual Budget Act.~~

38 ~~(d) The money from loan repayments and fees, including, but~~  
39 ~~not limited to, principal and interest repayments, fees and points,~~  
40 ~~recovery of collection costs, income earned on an asset recovered~~

1 pursuant to a loan default, and funds collected through foreclosure  
2 actions, shall be deposited in the subaccount.

3 ~~(e) All interest accruing on interest payments from loan~~  
4 ~~applicants shall be deposited in the subaccount.~~

5 ~~(f) The board may expend the money in the subaccount to make~~  
6 ~~loans to local governing bodies, private businesses, and nonprofit~~  
7 ~~entities within recycling market development zones, or in areas~~  
8 ~~outside zones where partnerships exist with other public entities~~  
9 ~~to assist local jurisdictions to comply with Section 40051.~~

10 ~~(g) The board shall establish and collect fees for applications~~  
11 ~~for loans authorized by this section. The application fee shall be~~  
12 ~~set at a level that is sufficient to fund the board's cost of processing~~  
13 ~~applications for loans. In addition, the board shall establish a~~  
14 ~~schedule of fees, or points, for loans that are entered into by the~~  
15 ~~board, to fund the board's administration of the revolving loan~~  
16 ~~program.~~

17 ~~(h) The board may expend money in the subaccount for the~~  
18 ~~administration of the Recycling Market Development Revolving~~  
19 ~~Loan Program, upon the appropriation of funds in the subaccount~~  
20 ~~for that purpose in the annual Budget Act. In addition, the board~~  
21 ~~may expend money in the account to administer the revolving loan~~  
22 ~~program, upon the appropriation of funds in the subaccount for~~  
23 ~~that purpose in the annual Budget Act. However, funding for the~~  
24 ~~administration of the revolving loan program from the account~~  
25 ~~shall be provided only if there are not sufficient funds in the~~  
26 ~~subaccount to fully fund the administration of the program.~~

27 ~~(i) The board, pursuant to subdivision (a) of Section 47901, may~~  
28 ~~set aside funds for the purposes of paying costs necessary to protect~~  
29 ~~the state's position as a lender-creditor. These costs shall be broadly~~  
30 ~~construed to include, but not be limited to, foreclosure expenses,~~  
31 ~~auction fees, title searches, appraisals, real estate brokerage fees,~~  
32 ~~attorney fees, mortgage payments, insurance payments, utility~~  
33 ~~costs, repair costs, removal and storage costs for repossessed~~  
34 ~~equipment and inventory, and additional expenditures to purchase~~  
35 ~~a senior lien in foreclosure or bankruptcy proceedings.~~

36 ~~(j) (1) Except as provided in paragraph (2), this section shall~~  
37 ~~become inoperative on July 1, 2015, and as of January 1, 2016, is~~  
38 ~~repealed, unless a later enacted statute, which becomes effective~~  
39 ~~on or before January 1, 2016, deletes or extends the dates on which~~  
40 ~~it becomes inoperative and is repealed.~~

1     ~~(2) The repeal of this section pursuant to paragraph (1) shall~~  
2     ~~not extinguish any loan obligation or the authority of the state to~~  
3     ~~pursue appropriate actions for the collection of a loan.~~

4     ~~SEC. 2. Section 42023.2 of the Public Resources Code is~~  
5     ~~amended to read:~~

6     ~~42023.2. (a) Upon authorization by the Legislature in the~~  
7     ~~annual Budget Act, the Controller shall transfer a sum not to exceed~~  
8     ~~five million dollars (\$5,000,000) from the account to the~~  
9     ~~subaccount as necessary to meet anticipated loan demand under~~  
10    ~~the program. Those amounts shall be a loan to the subaccount,~~  
11    ~~repayable with interest to the account at the rate of return for money~~  
12    ~~in the Surplus Money Investment Fund.~~

13    ~~(b) (1) Except as provided in paragraph (2), this section shall~~  
14    ~~become inoperative on July 1, 2015, and as of January 1, 2016, is~~  
15    ~~repealed, unless a later enacted statute, which becomes effective~~  
16    ~~on or before January 1, 2016, deletes or extends the dates on which~~  
17    ~~it becomes inoperative and is repealed.~~

18    ~~(2) The repeal of this section pursuant to paragraph (1) shall~~  
19    ~~not extinguish any loan obligation or the authority of the state to~~  
20    ~~pursue appropriate actions for the collection of a loan.~~

21    ~~SEC. 3. Section 42023.3 of the Public Resources Code is~~  
22    ~~amended to read:~~

23    ~~42023.3. (a) All money remaining in the subaccount on July~~  
24    ~~1, 2015, and all money received as repayment and interest on loans~~  
25    ~~shall, as of July 1, 2015, be transferred to the account and any~~  
26    ~~money due and outstanding on loans as of July 1, 2015, shall be~~  
27    ~~repaid to the board and deposited by the board in the account until~~  
28    ~~paid in full, except that, upon authorization by the Legislature in~~  
29    ~~the annual Budget Act, interest earnings may be expended for~~  
30    ~~administrative costs associated with the collection of outstanding~~  
31    ~~loan accounts.~~

32    ~~(b) (1) Except as provided in paragraph (2), this section shall~~  
33    ~~become inoperative on July 1, 2015, and as of January 1, 2016, is~~  
34    ~~repealed, unless a later enacted statute, which becomes effective~~  
35    ~~on or before January 1, 2016, deletes or extends the dates on which~~  
36    ~~it becomes inoperative and is repealed.~~

37    ~~(2) The repeal of this section pursuant to paragraph (1) shall~~  
38    ~~not extinguish any loan obligation or the authority of the state to~~  
39    ~~pursue appropriate actions for the collection of a loan.~~

1     ~~SEC. 4. Section 42023.4 of the Public Resources Code is~~  
2     ~~amended to read:~~

3     ~~42023.4. (a) A loan made pursuant to Section 42023.1 shall~~  
4     ~~be subject to all of the following requirements:~~

5     ~~(1) The terms of an approved loan shall be specified in a loan~~  
6     ~~agreement between the borrower and the board. The loan agreement~~  
7     ~~shall include a requirement that the failure to comply with the~~  
8     ~~agreement shall result in any remaining unpaid amount of the loan,~~  
9     ~~with accrued interest, being immediately due and payable.~~  
10    ~~Notwithstanding any term of the agreement, a recipient of a loan~~  
11    ~~that the board approves shall repay the principal amount, plus~~  
12    ~~interest on the basis of the rate of return for money in the Surplus~~  
13    ~~Money Investment Fund at the time of the loan commitment.~~  
14    ~~Except as provided in subdivision (a) of Section 42023.3, all money~~  
15    ~~received as repayment and interest on loans made pursuant to this~~  
16    ~~section shall be deposited in the subaccount.~~

17    ~~(2) The term of a loan made pursuant to this section shall be~~  
18    ~~not more than 10 years when collateralized by assets other than~~  
19    ~~real estate, or not more than 15 years when partially or wholly~~  
20    ~~collateralized by real estate.~~

21    ~~(3) The board shall approve only those loan applications that~~  
22    ~~demonstrate the applicant's ability to repay the loan. The highest~~  
23    ~~priority for funding shall be given to projects that demonstrate that~~  
24    ~~the project will increase market demand for recycling the project's~~  
25    ~~type of postconsumer waste material.~~

26    ~~(4) The board shall finance not more than three-fourths of the~~  
27    ~~cost of each project, or not more than two million dollars~~  
28    ~~(\$2,000,000) for each project, whichever is less.~~

29    ~~(5) The Department of Finance may audit the expenditure of~~  
30    ~~the proceeds of a loan made pursuant to Section 42023.1 and this~~  
31    ~~section.~~

32    ~~(b) (1) Except as provided in paragraph (2), this section shall~~  
33    ~~become inoperative on July 1, 2015, and as of January 1, 2016, is~~  
34    ~~repealed, unless a later enacted statute, which becomes effective~~  
35    ~~on or before January 1, 2016, deletes or extends the dates on which~~  
36    ~~it becomes inoperative and is repealed.~~

37    ~~(2) The repeal of this section pursuant to paragraph (1) shall~~  
38    ~~not extinguish any loan obligation or the authority of the state to~~  
39    ~~pursue appropriate actions for the collection of a loan.~~

1     ~~SEC. 5. Section 42023.5 of the Public Resources Code is~~  
2     ~~amended to read:~~

3     ~~42023.5. (a) The board shall, as part of the annual report to~~  
4     ~~the Legislature, pursuant to Section 40507, include a report on the~~  
5     ~~performance of the Recycling Market Development Revolving~~  
6     ~~Loan Program, including the number and size of loans made,~~  
7     ~~characteristics of loan recipients, projected loan demand, and the~~  
8     ~~cost of administering the program.~~

9     ~~(b) This section shall become inoperative on July 1, 2015, and~~  
10    ~~as of January 1, 2016, is repealed, unless a later enacted statute,~~  
11    ~~which becomes effective on or before January 1, 2016, deletes or~~  
12    ~~extends the dates on which it becomes inoperative and is repealed.~~

13    ~~SEC. 6. Section 42023.6 of the Public Resources Code is~~  
14    ~~amended to read:~~

15    ~~42023.6. (a) The board shall encourage applicants to seek~~  
16    ~~participation from private financial institutions or other public~~  
17    ~~agencies. For purposes of enabling the board and local agencies~~  
18    ~~to comply with Sections 40051 and 41780, the board may~~  
19    ~~participate, in an amount not to exceed five hundred thousand~~  
20    ~~dollars (\$500,000), in the Capital Access Loan Program as provided~~  
21    ~~in Article 8 (commencing with Section 44559) of Chapter 1 of~~  
22    ~~Division 27 of the Health and Safety Code.~~

23    ~~(b) For purposes of participating in the Capital Access Loan~~  
24    ~~Program, as specified in subdivision (a), or in a program that~~  
25    ~~leverages subaccount funds, the board may operate both inside~~  
26    ~~and outside the recycling market development zones.~~

27    ~~(c) (1) Except as provided in paragraph (2), this section shall~~  
28    ~~become inoperative on July 1, 2015, and as of January 1, 2016, is~~  
29    ~~repealed, unless a later enacted statute, which becomes effective~~  
30    ~~on or before January 1, 2016, deletes or extends the dates on which~~  
31    ~~it becomes inoperative and is repealed.~~

32    ~~(2) The repeal of this section pursuant to paragraph (1) shall~~  
33    ~~not extinguish any loan obligation or the authority of the state to~~  
34    ~~pursue appropriate actions for the collection of a loan.~~